Headquarters U.S. Air Force

Integrity - Service - Excellence

Lockbox Accounts Overview

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Preview

- Purpose
- Parties & Provinces
- Preparation
- Potholes
- Payout
- Postlude

Purpose

- Defines and prioritizes distribution of cash flows
  - Provides direction to the Lockbox Agent
  - Provides checks and balances
  - Defines the Project Budgeting Process
  - Defines intended uses of funds
  - Defines signature authorities for disbursements from required reserve accounts

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Parties and Provinces

- ***Lockbox Agent***; **while the primary responsible party, relies heavily on direction from PO/USAF**
- ***Project Owner***; **provide information and direction to the Lockbox Agent**
- ***Property Manager***; **not directly involved however, revenue is initiated by lease and allotment signings and expenses are disbursed to the Operating Account for use by the PM**
- ***Lender(s)***; **Oversight role to protect its interest in the collateral. Review and approve disbursement requests for construction progress. Must notify parties of delinquencies and defaults as well as provide approvals for certain disbursements.**
- ***USAF***; **Oversight role; validates, balances, forecasts, reports, provides notifications and prompts corrective action as needed. May need to provide approvals for certain types of disbursements.**

Preparation

- **Projects in Acquisition Phase**
  - **Lockbox Agents need to be independent of the Lender**
  - **Closely review Lockbox Agreements to ensure they include all contract provisions that impact cash flow (e.g. performance incentive plans)**
  - **Ensure that all parties are clear as to the impact of provisions on cash flow and such intent is clearly stated in the agreement**
  - **Ensure that pro forma estimates correctly represent cash flow priorities**
  - **If applicable, ensure windfall income is understood and properly modeled**

Preparation

- **Projects in Management Phase**
  - **Acquire individual with required skill set**
  - **Understand roles**
  - **Establish cooperative approach**
  - **Maintain diligent oversight**
  - **Establish mechanism to provide documentation to the Lockbox Agent**
  - **Establish mechanism to get documentation from the Lockbox Agent**

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Potholes

- **Lockbox Agents typically need assistance with:**
  - **Understanding the priority of cash flows**
  - **Interpreting legal documents**
  - **Obtaining other legal documents that impact cash flows but were not included in the Lockbox Agreement**
  - **Establishing administration and reporting systems/tools**
  - **Setting up Government Loan payments**
  - **Obtaining information from military sources (Certificates of Completion, Property Taxes and Insurance Premiums, Written Authorizations for Disbursement)**
- **Portfolio Management has repeatedly discovered administrative issues that, if not corrected, could result in material misallocations of funds.**
- **Actively engaging the Lockbox Agent early is critical**

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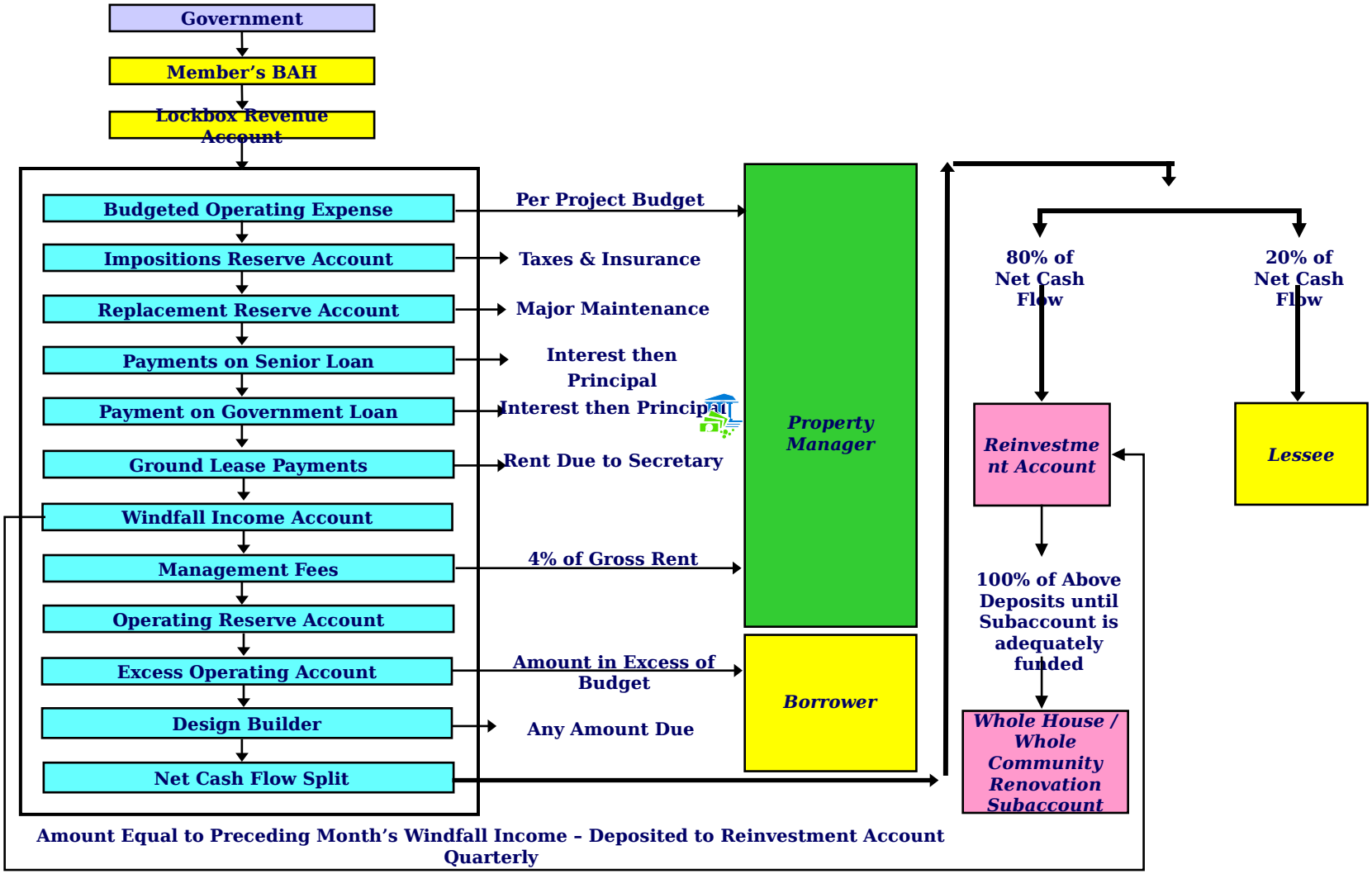
Payouts



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Postlude

PETITIONS?

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